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IN THE

Supreme Court of the United States

October Term, 1972

No. 72-735

FILTROL CORPORATION and TEXACO INC.,

Petitioners,

v.

THE HONORABLE ROBERT J. KELLEHER,
UNITED STATES DISTRICT JUDGE,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT BY MOBIL OIL CORPORATION (REAL PARTY IN INTEREST)

GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
J. ROBERT DAILEY
MORGAN, FINNEGAN, DURHAM & PINE
Attorneys for Respondent Mobil
345 Park Avenue
New York, New York 10022

December 15, 1972

TABLE OF CONTENTS

	PAGE
Question for Review	1
Statement of Additional Material Facts	2
Argument	4
I. The Court of Appeals Did Not Sanction a Clear Abuse of Discretion	4
II. The Court of Appeals Decided the Issue Before It	8
Conclusion	10
Appendix	A1

TABLE OF AUTHORITIES

Cases:

Blonder-Tongue v. University of Illinois Foundation, 402 U.S. 313 (1971)	4, 5, 7, 9
Burnaman v. Heaton, 150 Tex. 333, 240 S.W.2d 288 (1951)	7
Cranford v. Steed, 268 N.C. 595, 151 S.E.2d 206 (1966)	7
Ex parte Wagner, 249 U.S. 465 (1919)	7, 8
Lee v. Rhodes, 227 N.C. 240, 41 S.E.2d 747 (1947)	6–7
Rice v. Sioux City Memorial Park Cemetery, 349 U.S. 70 (1955)	2

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Question for Review

Petitioners seek to have this Court review an order by the Honorable Robert J. Kelleher, United States District Judge, whereby he: (a) denied Petitioners' motion for a complete stay in a seven (7) year old patent infringement action and (b) granted Respondent Mobil's cross motion to limit trial to the issue of infringement and to stay trial on all remaining issues, *including patent validity.*

The sole question raised by Petitioners' brief is whether this Court should devote its time and energies to a review of the manner in which a district court judge regulates his trial calendar. We respectfully submit that no public purpose would be served by such a review. Consequently, grant of certiorari is not warranted. *Rice* v. *Sioux City Memorial Park Cemetery*, 349 U.S. 70, 79 (1955).

Statement of Additional Material Facts

Petitioners' statement of facts is supplemented by these additional material facts:

The three patents in suit before Judge Kelleher are United States Letters Patent Nos. 3,140,249 ("249"), 3,140,253 ("253") and 3,271,418 ("418"). The 249 and 253 patents, which are also involved in the Connecticut Action, issued to Respondent Mobil on July 7, 1964 and will expire on July 7, 1981. All three patents relate to radically new catalysts which have revolutionized the petroleum refining industry.

The first of these two consolidated actions for patent infringement was filed in November 1964. These cases were not assigned to Judge Kelleher until January 1971. In March 1971 counsel for the parties stipulated a trial date of October 25, 1971, which was a holiday. At a pre-trial conference on September 20, 1971, Judge Kelleher advised the parties that the stipulated trial date had not been docketed, that October 25 was a holiday and that the trial could not proceed on the day following the holiday because he had several criminal cases set for trial on that date, which cases were entitled to calendar preference.

Petitioners subsequently brought on their motion for a complete stay and Mobil cross moved for separate trial of the infringement issue and a stay of trial on the remaining issues. After considering the points and authorities furnished to him by the parties and hearing the arguments of counsel Judge Kelleher denied Petitioners' motion for a complete stay, ordered trial on the limited issue of infringement to proceed on April 18, 1972, and stayed trial on all other issues, including patent validity. (See Appendix, pp. A5-A8, *infra*.)*

Thereafter, on April 12, 1972, the Petitioners filed a Petition for Writ of Mandamus with the United States Court of Appeals for the Ninth Circuit. The Court of Appeals granted a stay of the trial without hearing and before Mobil had filed its answer and memorandum in support of its answer, principally, it is believed, because: (1) Petitioners grossly misquoted the record below so as to make it appear that Judge Kelleher had acted arbitrarily and unreasonably (Appendix, pp. A2-A3, *infra*); and (2) Petitioners asserted to the Court of Appeals that "Mobil cited no authorities which supports the result Judge Kelleher ordered—a separate trial on the issue of infringement alone," while failing to include in the record submitted to the Court of Appeals the points and authorities submitted by Mobil which sanction a separate trial of the infringement issue (Appendix, pp. A3-A4, *infra*).**

After having an opportunity to study the *complete* record before Judge Kelleher, the Court of Appeals, in its

* The Appendix to this Brief comprises the Memorandum in Support of Answer to Petition for Writ of Mandamus by Mobil Oil Corporation (Real Party in Interest) filed in the Ninth Circuit Court of Appeals on April 26, 1972.

** During oral argument, the Court of Appeals closely questioned Petitioners' counsel regarding their distortion of the record.

opinion of September 21, 1972, vacated the stay (Petition, p. 9A). On November 6, 1972, Judge Kelleher reset this case for trial limited to the issue of infringement commencing January 16, 1972. After Judge Kelleher's resetting and almost two months after the decision by the Court of Appeals, Petitioners on November 17, 1972, filed their Petition for Writ of Certiorari with this Court.

ARGUMENT

I

The Court of Appeals Did Not Sanction a Clear Abuse of Discretion.

Petitioners' motion for a complete stay was predicated on *Blonder-Tongue* v. *University of Illinois Foundation*, 402 U.S. 313 (1971). That decision permits the defense of collateral estoppel to be raised *only* when a patent has "once been declared invalid" (402 U.S. at 350). Not only have the patents here in suit not been declared invalid, but Petitioners were unable to make any showing that there was any likelihood that they would ever be held invalid. To the contrary, the record establishes that the inventions of the patents in suit are not only valid, but basic and pioneer in nature. To illustrate:

(a) Petitioner Texaco has publicly proclaimed the patented catalysts to represent "the most significant development" in the catalyst art in more than two decades (Appendix, p. A19, *infra*).

(b) In the Connecticut Action, which involves the 249 and 253 patents in suit before Judge Kelleher, defendant Grace admitted that the patented catalysts represent the greatest single advance in more than a quarter of a century;

that they promptly displaced the prior art catalyst; and that they "brought benefits and profits" to the industry which could not even be imagined prior to their advent. The further evidence in the Connecticut Action is that the patented catalysts have already created profits and savings to the oil industry of some *two billion* dollars. (See Appendix, pp. A17-A18, *infra*).

(c) Petitioners assert that the patents in suit before Judge Kelleher are "closely related" to the patents heretofore litigated before Judge Ferguson (Petition, p. 8n).* Judge Ferguson held those "closely related" patents not only to be valid but to constitute a "huge advance" in the art of producing gasoline by the "cracking" of petroleum and to have been "wholly unexpectedly achieved" and "extraordinary."

Since Petitioners' motion for a complete stay of this seven (7) year old patent infringement action was predicated on *Blonder-Tongue,* it was incumbent upon them to make a showing before Judge Kelleher that there was some likelihood that the patents here in suit were invalid. Petitioners, however, were unable to make any showing of invalidity and the only evidence of record is that the patents are valid and embody pioneer inventions. Accordingly, Judge Kelleher had no alternative but to deny Petitioners' motion for a complete stay.

Similarly, the Ninth Circuit Court of Appeals had no alternative but to find that Judge Kelleher committed no abuse of discretion in denying Petitioners' unsupported motion. Petitioners' contention that, on this record, the Court of Appeals "sanctioned a clear abuse of discretion"

* "Petition" refers to the Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

(Petition, p. 2) is frivolous. Petitioners cannot rationally expect this Court to cure their fatally defective motion papers by granting a writ of certiorari.

Petitioners' attempt to rely on their offer to be bound by a holding of validity in the Connecticut Action (Petition, p. 11) is misplaced. By their offer Petitioners sought a complete stay in the consolidated actions before Judge Kelleher until after a *final* determination in the Connecticut Action, i.e., until after the district judge ruled and all appeals had been exhausted. This would have meant a further delay of several years in an action which has now been pending for more than 8 years, during which time more than 50% of the life of Mobil's valuable property rights embodied in the patents in suit has already expired. In the interim, of course, Petitioners would continue to reap enormous, windfall profits.

Thus, Petitioner Filtrol has admitted sales of the accused catalysts in an amount of some *80 million dollars* and Petitioner Texaco has admitted that it *annually* reaps more than 6 million dollars in excess profits through its use of the infringing catalysts. Those profits have now been accumulating for some 8 years. (Appendix, pp. A16-A17, *infra*.)

In view of these aggravated circumstances Respondent Mobil quite properly declined to accept Petitioners' offer and proposed instead a trial limited to the issue of infringement and a stay of trial on all other issues so that at least some minimal progress might be made towards a disposition on the merits. Since Respondent Mobil declined to accept Petitioners' unilateral offer of judgment, Judge Kelleher was *without power* to accept that offer and enter an order binding Mobil to it. *Lee* v. *Rhodes,* 227 N.C. 240,

41 S.E.2d 747, 748 (1947); *Burnaman* v. *Heaton,* 150 Tex. 333, 240 S.W.2d 288, 291 (1951); *Cranford* v. *Steed,* 268 N.C. 595, 151 S.E.2d 206, 208 (1966). To contend, as Petitioners do, that Judge Kelleher abused his discretion when he rejected an offer which he was powerless to accept is presumptuous indeed.

In short, the record before Judge Kelleher was that: the patents were not only valid but pioneer in nature; Petitioners' offer was but another attempt to further delay a 7-year-old lawsuit; Mobil was being prejudiced by the continued erosion of its valuable property rights embodied in the patents in suit; Petitioners were benefiting by their continued successful efforts to avoid a trial on the merits by reaping enormous, windfall profits; and Petitioners had presented not one scintilla of evidence that the patents were other than valid. Clearly, Judge Kelleher reached the correct result.

For the reasons stated, *Blonder-Tongue* is inapposite. Nevertheless, Petitioners assert that Judge Kelleher's order of a limited trial by itself constitutes an abuse of discretion because that limited trial might conceivably prove to be unnecessary. That assertion is legally infirm. This Court in *Ex parte Wagner,* 249 U.S. 465, 471 (1919), held that a district court properly exercised its discretion by ordering a limited trial to proceed even though, because of the pendency of a related action, the "* * * result of the litigation may possibly be such that interlocutory proceedings taken may not prove of value. * * *"

> "Mandamus * * * may not be resorted to, as the petitioners seek to resort to it here, for the purpose of controlling minor orders made in the conduct of judicial

proceedings, and the fact that the result of litigation may possibly be such that interlocutory proceedings taken may not prove of value is not a sufficient reason for calling the writ into use for the purpose of forbidding such proceedings, even though the cost of them cannot be recovered from the opposing party or even though the order cannot be reversed on error or appeal. * * *

The petitioners have misconceived the scope and applicability of the remedy of mandamus, and the rule is

Discharged and the petition dismissed." (249 U.S. at 471-472).

II

The Court of Appeals Decided the Issue Before It.

At page 15 of their Memorandum in Support of Petition for Writ of Mandamus, Petitioners framed the issue to the Court of Appeals to be whether "Judge Kelleher Committed A Clear Abuse of Discretion When He Denied Filtrol's and Texaco's Motion to Stay."

The Court of Appeals acknowledged that this was indeed the issue before it and then proceeded to decide it adversely to Petitioners:

> "The question before us is not whether we think that the judge should or should not have granted the stay, but whether his refusal to do so was abuse of discretion. After carefully reviewing the record, we cannot say that the denial of the stay amounted to such an abuse. *Blonder-Tongue* does not require that a district court with a justiciable controversy before it await the outcome of a pending action in another

district. See *Patentex, Inc.* v. *Manhattan Hosiery Corp.*, D.P.R., 1971, . . . F. Supp. . . ., 171 U.S.P.Q. 693. *Blonder-Tongue* only permits the defense of collateral estoppel to be raised once the issue of patent validity has already been *decided* in another court against the party claiming the patent; that has not occurred here." (emphasis in original) [Petition, pp. 4A-5A]

Having lost on the very issue they posed to the Court of Appeals, Petitioners now seek a writ of certiorari because the Court of Appeals failed to decide an issue *not* raised by their mandamus petition, i.e., whether Judge Kelleher's order was in fact the "optimal balance" of the various competing considerations (Petition, p. 2).

Petitioners' contention that *Blonder-Tongue required* the Court of Appeals to decide what was in fact the "optimal balance" of the various competing considerations is legally unsound. That contention flies in the face of *Blonder-Tongue* itself where this Court held that the application of the rule enunciated therein "will *necessarily* rest on the *trial court's* sense of justice and equity" (402 U.S. at 334).

Here the *trial court* carefully weighed all the competing factors and decided to proceed with a trial on infringement and to stay trial on all other issues. As found by the Court of Appeals:

> "Nevertheless, in an effort to conserve judicial resources and avoid unnecessary duplication, the [trial] judge postponed consideration of the validity question under submission to the court in Connecticut on the ground that a decision in that court against

Mobil would provide petitioners with a defense to this section [*sic*].

"However, with full recognition of the effect of *Blonder-Tongue* and the other competing considerations, the judge also decided that granting a stay of all proceedings would not promote 'economy of effort for [the court], for counsel, and for litigants.' *Landis* v. *North American Co.*, 1936, 299 U.S. 248, 254-55. Rather, that end would best be served by proceeding with a trial on the issue of infringement alone. He had before him a record which detailed seven years of delay, during which petitioners continued to reap the benefits of their alleged infringement of Mobil's claimed patents, which brought into question the financial ability of petitioner Filtrol to respond in damages to a possible award in favor of Mobil, and which revealed other relevant considerations." [Petition, pp. 5A-6A]

Having failed to raise the issue before the Court of Appeals, Petitioners would have this Court independently review the totality of the record before Judge Kelleher and make findings as to what *is fact* is the "optimal balance" of all of the competing considerations disclosed therein. We submit that no public interest would be served by such an exercise.

Conclusion

The opinion of the Court of Appeals is a thoughtfully considered and well-documented discussion of the material facts of this case and the settled law applicable to those facts. Existing precedents are followed; no new or novel principles are promulgated. It reached a correct result by

recognizing that the order of Judge Kelleher is one within the inherent power of a trial court to make in the exercise of its sound discretion. The Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit should be denied.

Respectfully submitted,

GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
J. ROBERT DAILEY
MORGAN, FINNEGAN, DURHAM & PINE
Attorneys for Respondent Mobil
345 Park Avenue
New York, New York 10022

December 15, 1972

United States Court of Appeals

For the Ninth Circuit

No. 72-1643

FILTROL CORPORATION and TEXACO, INC.,
Petitioners,

vs.

THE HONORABLE ROBERT J. KELLEHER,
United States District Judge,
Respondent.

MEMORANDUM IN SUPPORT OF ANSWER TO PETITION FOR WRIT OF MANDAMUS BY MOBIL OIL CORPORATION (REAL PARTY IN INTEREST)

I

THE RECORD FAILS TO SUPPORT THE EXTRAORDINARY RELIEF REQUESTED BY PETITIONERS.

A. Introduction

On April 12, 1972, petitioners filed a Petition for Writ of Mandamus with this Court. In connection therewith petitioners sought a stay of a patent infringement action which had already been pending for more than seven (7) years. Trial of that action was set to commence on April 18, 1972. On April 17, 1972, this Court granted a temporary stay.

B. Petitioners Seek A Writ Of Mandamus Upon A Memorandum Which Quotes Judge Kelleher Out Of Context.

Petitioners quote Judge Kelleher completely out of context in an attempt to show that his order directing a separate trial on infringement and refusing to stay the trial *in toto* was not the result of his considered deliberations, but instead was predicated solely on an arbitrary and capricious desire to rid his docket of old cases and to save time at the expense of petitioners.

In the following quotations the underlined [italicized] portions were omitted by petitioners in their Memorandum in Support of Petition for Writ of Mandamus (hereafter "Memorandum") at pages 21 and 10, respectively:

> *"The Court: Well, it probably needn't be said by the Court, but just to give expression to it: There are two very strictly conflicting attitudes that the Court has toward this case. One is that* this case ought to be tried. The fact that cases sit here with numbers like 1964 and 1966 on them in and of itself is a matter that is just distressing, and I am intending to get rid of all the '60 numbers and to do it expeditiously, just as a matter of principle and practice. *That is one side of the coin.*
>
> *"Of course, another one is that it is such a waste of judicial time and lawyers' time and everyone else's time to either relitigate those matters which need not be or, even short of that, to take the same ponderous procedures on the introduction of evidence a second time, which has been largely gone through on some other occasion.*
>
> *"Within that framework and within those two somewhat conflicting attitudes that the Court has, there is some room for advance between you, it would*

appear, and I think you should take whatever best opportunity there is to explore further the agreement that may be possible between you within that area." (R 30-31)

• • •

"*The Court would be certainly open in its own mind to at least putting you in the position, Mr. Kerr, where you perhaps would not be bound, because perhaps the Court could not do that to you as to the Connecticut outcome, but nevertheless staying the trial with respect to those matters; and another possibility, and I think this could well pose the issue in this case, the extent to which the Blonder-Tongue case could be applied here, and I would like to know what the law is as you see it in that respect.*

"*In summary, it is a matter of agreement between you as to all reasonable possibilities of agreement; and, on the other hand, there is the fact that you should bear in mind and your respective clients should know, that* the Court is disposed, A, to try this case and, B, to try as little as it has to." (R 35-36)

Editorial license of this nature is inexcusable.

C. Petitioners Seek A Writ Of Mandamus Predicated Upon A Memorandum Which Incorrectly States That There Is No Legal Precedent For Judge Kelleher's Rulings, And An Appendix Which Omits Pertinent Portions Of The Record Which Provide Specific Legal Precedent For Those Rulings.

At page 26 of their Memorandum petitioners allege:

"Mobil cited no authority which supports the result Judge Kelleher ordered—a separate trial on the issue of infringement alone.*"

"*All of the authorities relied on by Mobil relate to a trial on a narrow issue of fact, which was not intertwined with other issues in the case."

These statements are incorrect. Respondent Mobil filed points and authorities citing legal precedent authorizing a separate trial generally (R 170-174) as well as specific precedent for a separate trial on the issue of infringement alone (SR 1-4).* See, e.g., SR 3, where Mobil cited to Judge Kelleher *Foster Grant Co.* v. *Polymer Corp.*, 185 F. Supp. 619 (E.D. Pa. 1960). There, the Court held:

> "* * * Taking all of the facts of this case into consideration it would appear that in the interest of justice to both sides and in order to assure a speedy disposition of the case, *the question of infringement should first be determined,* which determination may make unnecessary any consideration by this Court of the validity of the defendants' patents vis-a-vis the Dansk processes." (emphasis supplied) [185 F. Supp. at 621]

Significantly, petitioners failed to include respondent Mobil's points and authorities (SR 1-4) in their Appendix, thereby preventing this Court from knowing that the statements at page 26 of their Memorandum were not correct.

Not only can a District Court order a separate trial on the issue of infringement, but it can even try separately a *part* of that issue. See, for example, *Aldridge* v. *General Motors Corp.*, 178 F. Supp. 839 (S.D. Cal. 1959), where the Court tried first and separately the issue of file wrapper estoppel, which governs only one aspect of infringement.

At pages 23-26 of their Memorandum, petitioners assert that in some patent cases the issues of validity and

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* The Supplemental Appendix submitted herewith includes the pertinent portions of the record not included by Petitioners in their "Appendix". Reference to the Supplemental Appendix is by "SR—".

infringement are often "intertwined" and "closely interrelated" so that they should be tried together. Here, however, petitioners have proposed to be bound separately as to validity by the decision in *Mobil Oil Corp.* v. *W. R. Grace & Co.*, Civil Action 14,589 (hereafter the "Connecticut Action").* This proposal is clearly inconsistent with their position that validity and infringement must be jointly determined. Petitioners' offer, leaving aside the condition of a complete stay, is in agreement with the applicable law, which is to the effect that where, as here, resort to interpretive doctrines to construe the claims is unnecessary, infringement is to be decided simply by comparing the accused device or composition with the claims in suit. *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 339 U.S. 605, 607 (1950); *Reeves Instrument Corp.* v. *Beckman Instruments, Inc.*, 444 F.2d 263, 274 (9th Cir.), *cert. denied*, —— U.S ——, 30 L.Ed. 2d 268 (1971).

II

JUDGE KELLEHER PROPERLY EXERCISED HIS DISCRETION.

A. Judge Kelleher Carefully Weighed The Alternatives Before Ordering A Separate Trial.

The facts surrounding the alleged abuse of discretion by Judge Kelleher are in themselves sufficient to expose petitioners' contentions in this regard as unfounded. As shown below, Judge Kelleher carefully weighed all of the factors bearing on all of the alternatives at several hearings prior to entering the order at issue.

* See, e.g., R 200.

1. January 31, 1972

During the hearing of January 31, 1972, counsel for petitioners herein advised Judge Kelleher of their intent to bring on a motion to stay based on the Connecticut Action and *Blonder-Tongue** (R 11-13). Judge Kelleher advised all parties that he attached great importance to the proposed motion (R 17-18). He then proceeded to question counsel so as to make certain that he understood the positions of the parties with respect to the issues for trial in the cases pending before him and how such issues might be affected by *Blonder-Tongue* and the decision in the Connecticut Action (R 19-22).

Rather than eliciting a "prediliction" [sic] to be unfair to them, as petitioners would have this Court infer at page 10 of their Memorandum, Judge Kelleher set over the trial from March 12, 1972, to April 18, 1972, to make certain that petitioners would have the time requested by them to prepare and bring on formally their perfected motion to stay (R 32, 36-37).

2. March 13, 1972

Judge Kelleher, following the hearing of January 31, 1972, received and reviewed points and authorities filed by all parties with respect to the effect of the Connecticut Action and *Blonder-Tongue* on the trial of the consolidated actions before him (R 40-194). A further hearing on petitioners' motion to stay as well as on respondent Mobil's cross motions to limit the trial to the issue of infringement was held on March 13, 1972. At this second hearing, Judge

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* *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971).

Kelleher again made certain that he understood the facts, the law and positions of the parties before exercising his discretion as to how to proceed (R 195-224).

For example, Judge Kelleher made further inquiry of counsel as to the expedition and economy that would result from trying the issue of infringement first and separately (R 199-203), as well as the prejudice which might result from a total stay (R 216-218). Judge Kelleher also fully considered petitioners' offer to be bound by the decision in the Connecticut Action (R 200-202, 214-215, 218) and the applicability of *Blonder-Tongue* (R 205-207). Rather than making up his mind precipitantly, Judge Kelleher took all motions under submission following the hearing on March 13, 1972 (R 222-223).

On March 24, 1972, Judge Kelleher, having heard oral argument which amounted to some 38 pages on January 31, 1972 (R 1-39), and 29 pages on March 13, 1972 (R 195-224), and having weighed the facts, the law and the arguments of all parties (R 40-182), ordered that trial in the consolidated actions before him should proceed on the limited issue of infringement on April 18, 1972 (R 183-184).

3. April 11, 1972

Following Judge Kelleher's order of March 24, 1972, petitioners waited twelve (12) days, i.e., until April 5, 1972, before moving for certification pursuant to 28 U.S.C. Sec. 1292(b) [R 185-194]. On April 11, 1972, Judge Kelleher held a hearing on that motion prior to making a ruling thereon (SR 18-65). Once again, Judge Kelleher took the motion under submission along with the points and authorities cited by all parties. Because of the request of all

parties for an early decision, Judge Kelleher entered his order denying the motion for certification that same afternoon (SR 66-67).

The transcripts of these hearings refute petitioners' allegation that Judge Kelleher abused his discretion in ordering trial of this action to proceed on the issue of infringement. They establish that Judge Kelleher gave the most careful consideration to the motions before him in the course of exercising his discretion and that he neither exceeded his lawful jurisdiction nor failed to exercise his authority.

III

MANDAMUS DOES NOT LIE AS A MATTER OF LAW.

A. Mandamus Lies Only To Confine A Lower Court To Proper Exercise Of Its Jurisdiction Or To Compel It To Exercise Its Authority.

The United States Supreme Court in the case of *Will* v. *United States*, 389 U.S. 90 (1967), considered the use by a Court of Appeals of a writ of mandamus to regulate the actions of a United States District Judge. The Supreme Court made clear that such a writ is a "drastic and extraordinary" remedy (p. 106); that it places a District Judge in an "extremely awkward" position (p. 107); and that mandamus may not be used as a substitute for appeal (p. 104).

The Supreme Court in the *Will* case further held:

> "Both parties have devoted substantial argument in this Court to the propriety of petitioner's order.

In our view of the case, however, it is unnecessary to reach this question. The preemptory writ of mandamus has traditionally been used in the federal courts only 'to confine an inferior court to a lawful exercise of its prescribed jurisdiction or to compel it to exercise its authority when it is its duty to do so.' * * * While the courts have never confined themselves to an arbitrary and technical definition of 'jurisdiction,' it is clear that only exceptional circumstances amounting to a judicial 'usurpation of power' will justify the invocation of this extraordinary remedy. * * *" [389 U.S. at 95]

* * *

"* * * And the party seeking mandamus has 'the burden of showing that its rights to issuance of the writ is "clear and indisputable."' * * *" [389 U.S. at 96]

* * *

"The preemptory common-law writs are among the most potent weapons in the judicial arsenal. 'As extraordinary remedies, they are reserved for really extraordinary causes.' * * *" [389 U.S. at 107]

The *Will* case involved a District Judge's ruling made under the Federal Rules of Criminal Procedure. Here we are concerned with a District Judge's rulings under the Federal Rules of Civil Procedure, a clearly analogous situation. Judge Kelleher has made two rulings, one ordering a separate trial on the issue of patent infringement and the other refusing to stay the trial of the action *in toto*. Each ruling, as shown below, was within his jurisdiction and he did not fail to exercise his authority. For those reasons alone, mandamus does not lie. *Will* v. *United States, supra.*

Totally consistent with the foregoing is the fact that petitioners failed to cite a single authority holding that

a writ of mandamus will issue against a District Judge who orders a separate trial of a separate issue pursuant to Rule 42(b), F.R.C.P.

B. The Order Of A Separate Trial Does Not Constitute An Abuse Of Discretion.

Rule 42(b), F.R.C.P., specifically confers upon a District Judge the jurisdiction to order a separate trial of a separate issue. That Rule provides in part as follows:

> "* * * The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claim * * * or of any separate issue * * *." [Rule 42(b), F.R.C.P.]

Under this Rule, Judge Kelleher ordered the separate trial of the issue of infringement, an issue which if determined in favor of petitioners will be dispositive. An order for separate trial of such issue is, of course, proper, even though a decision in favor of respondent Mobil on that issue would not conclude the case. *Rossano* v. *Blue Plate Foods, Inc.*, 314 F.2d 174 (5th Cir.), *cert. denied*, 375 U.S. 866 (1963).

In the *Rossano* case, the Court upheld the order of a separate trial of such an issue and said at page 176:

> "The validity of the trial Court's call for limited trial is not dependent, of course, on the actual conclusion of the entire case on that single issue. In limiting the proof to one matter, there is never a requirement that the Court's recognition of serious issues before trial be ultimately resolved after such trial in favor of the party who first suggested the existence of

> the issue. It is enough that there be on the record at the time a substantial issue of fact which, if determined in favor of defendant, will eliminate expense for all concerned without prejudicing the rights of the parties."

In *Richmond* v. *Weiner*, 353 F.2d 41 (9th Cir. 1963), *cert. denied*, 384 U.S. 928 (1966), this Court recognized that the grant of a separate trial rests solely with the discretion of the District Judge. In *Richmond*, this Court said:

> "A federal trial court in its discretion may upon its own motion properly separate an issue from others and confine the introduction of evidence to that separate issue alone if the court in the exercise of reasonable discretion thinks that course would save trial time or effort or make trial of other issues unnecessary. * * *" [353 F.2d at 44]
>
> * * *
>
> "* * * Whether there should be severance and separate trial of an issue is primarily a question concerning the Court's trial procedure and convenience, not a question concerning the merits of the case. * * *" [353 F.2d at 45]

Separate trial of a separate issue pursuant to Rule 42(b) may be ordered in patent cases as well as all other cases. *Foster Grant Co.* v. *Polymer Corp.* and *Aldridge* v. *General Motors Corp.*, *supra*.

There is nothing in the record that indicates Judge Kelleher acted arbitrarily or refused to exercise any discretion in ordering a separate trial of the infringement issue. The record is to the contrary. Judge Kelleher gave the most careful consideration to all factors involved, including trial time and effort, the necessity of trial of other

issues, the offer of petitioners to be bound by a holding of validity in the Connecticut Action, the prejudice of further delay, the hardship on the parties, and the expedition and economy that could be effected (R 1-39, R 195-224, SR 18-63). Only then did Judge Kelleher exercise his reasonable discretion and provide for a separate trial on the issue of infringement.

The following language of the Supreme Court is the *Will* case is apposite.

> "• • • Thus, the most that can be claimed on this record is that petitioner [the District Judge] may have erred in ruling on matters within his jurisdiction • • •. But '[t]he extraordinary writs do not reach to such cases; they may not be used to thwart the congressional policy against piecemeal appeals.' • • • Mandamus, it must be remembered, does not 'run the gauntlet of reversible errors.' • • • Its office is not to 'control the decision of the trial court,' but rather merely to confine the lower court to the sphere of its discretionary power. • • •" [389 U.S. at 103-104]

C. An Order Denying A Total Stay Does Not Constitute An Abuse Of discretion.

No authority is needed for the proposition that a District Judge has jurisdiction to regulate his docket. This Court has held that a District Judge may order a case to trial over the objections of one of the parties and that such an order is the type of interlocutory ruling which is not reviewable by mandamus. *Anderson* v. *McLaughlin*, 263 F.2d 723 (9th Cir. 1959).

In *Anderson*, three cases had been filed against the petitioner in the District Court. All three cases involved

the same issue which the petitioner contended was "novel" and "unknown to the common law". One case had been tried, judgment entered against the petitioner on said novel theory and was on appeal to this Court. The District Judge refused to postpone trial of the other two actions, pending the disposition of the appeal in the first action. The petitioner sought a writ of mandamus from this Court to prevent the District Judge from proceeding further. He contended that the District Judge's refusal to stay the cases constituted a gross abuse of discretion because "• • • it would be a serious hardship upon him to defend the latter suits at the present time and that his efforts would be wasted in the event that a favorable decision in the Knox appeal should result in dismissal of these suits" (p. 724). This Court denied the petition and stated:

> "• • • 'It is evident that hardship is imposed on parties who are compelled to await the correction of an alleged error at an interlocutory stage by an appeal from a final judgment. But such hardship does not necessarily justify resort to certiorari or other of the extraordinary writs as a means of review.' • • •"
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> • • •
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> "The instant petition fails to disclose circumstances which would compel exercise of our supervisory power of mandamus. *The decisions of the District Court in calendaring the Rolph and Girton cases for trial seem clearly the type of interlocutory rulings which should not be reviewed by this Court merely because the petitioner might incur unnecessary hardship if he is forced to trial at the present time.* Whether postponement might not work greater hardship on Rolph and Girton than would immediate trial on Anderson, whether the facts of the untried cases will indeed require application of the same novel theory

allegedly invoked in Knox, and even whether the chances of reversal in Knox on a ground which would affect the outcome of the suits by Rolph and Girton are substantial enough to warrant delay, are the considerations which must underly any decision as to the proper time for trying these cases. These considerations can best be weighed and resolved by the District Court. We feel, in short, that the Congressional policy against piecemeal appeals except by prescribed procedures dictates that one decision on Anderson's request for delay must suffice" (emphasis supplied). [263 F.2d at 725]

As the transcripts of the proceedings below show, Judge Kelleher carefully considered and weighed the merits of granting or withholding a stay. After such careful consideration, he exercised his discretion on a matter within his jurisdiction and denied a stay. His ruling being within the "sphere of his discretionary power," mandamus cannot be used to "• • • 'control the decision of the trial court' • • •" under such circumstances. *Will* v. *United States, supra,* at page 104.

IV

THE *BLONDER-TONGUE* "ISSUE"

The case of *Blonder-Tongue* establishes the principle that a judgment declaring a patent invalid shall, absent exceptional circumstances, estop the patentee from bringing a second action for infringement of the same patent. *Blonder-Tongue, supra,* at 351.

The *Blonder-Tongue* case is not applicable here. The patents in issue here "have not once been declared invalid."

The question of the validity of two of the three patents* in issue here has been tried in the Connecticut Action, but no judgment has yet been handed down there.

Petitioners urge, however, that Judge Kelleher abused his discretion by not staying the actions before him pending a judgment in the Connecticut Action. Petitioners' point appears to be that Judge Clarie in Connecticut will at some future time enter a judgment determining whether the patents are valid and that said judgment, after it becomes final, i.e., after an appeal, would, if the judgment be that the patents are invalid, render the trial of the infringement issue before Judge Kelleher unnecessary.

If the patents are finally held to be valid in the Connecticut Action, however, *Blonder-Tongue* would not apply to eliminate a second trial on the issue of validity. Taking advantage of this defect in the *Blonder-Tongue* philosophy, the petitioners offered to make a bargain with Judge Kelleher. If he would grant a stay until the Connecticut Action was disposed of on *appeal*, and thereby add further to the delay in this seven-year old case, they would, in turn, agree to be bound if a final judgment in the Connecticut Action determined the patents to be valid.

The bargain proposed contained a warning: if Judge Kelleher did not accept petitioners' offer but instead held a trial on the infringement issue now, the petitioners, in

* Petitioners at pages 4-5 of their Memorandum, indulge in a self-serving rephrasing of respondent Mobil's position with respect to the 418 patent, which is not at issue in the Connecticut Action but is in suit here. Respondent's actual position is set forth at R 169. The further statement by petitioners that "a holding of invalidity with respect to the 249 patent would also dispose of Mobil's cause of action for infringement of 418" is flatly wrong as a matter of law.

the event the patents were held valid in the Connecticut Action, would withdraw their agreement to be bound by that decision and would demand a full trial of the validity issue here. They would, under such circumstances, insist on such a trial even though counsel in the Connecticut Action is the *same* as counsel for petitioners here, the issues in the Connecticut Action are the *same* as the issues here, the evidence relied on in the Connecticut Action to establish invalidity is the *same* as that to be relied on here, and the *same* expert will testify here on behalf of the petitioners who testified on the behalf of the defendant in the Connecticut Action.

Judge Kelleher, in the exercise of his discretion, considered the offer together with the delay built into it, rejected petitioners' offer and ordered the case to trial on the issue of infringement.

Judge Kelleher, in making his decision, had to weigh several competing interests:

1. If he accepted petitioners' offer, no trial would be required on the validity issue because:

(a) under *Blonder-Tongue,* a decision of invalidity would be binding, and

(b) a decision on validity would likewise be binding because of petitioners' offer.

2. If he accepted petitioners' offer, trial of the infringement issue would be delayed for several years, and respond-

ent Mobil would be further prejudiced and petitioners further benefited thereby.*

3. If Judge Kelleher rejected petitioners' offer, the infringement issue could be tried quickly and the prejudice caused respondent Mobil by further delay of the trial of that issue could be avoided.

4. The strong probability is that the patents will be held valid in the Connecticut Action. They are presumed to be valid, and petitioners have produced nothing which would indicate that the patents would be found invalid in the Connecticut Action or that the presumption of validity (35 U.S.C. 282) could be overcome.** In fact, everything before Judge Kelleher indicates that the patents are valid. To illustrate:

(a) the validity and scope of the Mobil patents in suit have been recognized by all other manufacturers of cracking catalysts in the United States except petitioner Filtrol here and defendant W. R. Grace & Co. in the Connecticut Action (R 97).

(b) the record in the Connecticut Action establishes that the patents in suit are pioneer and basic in nature. They cover a tremendous technical "breakthrough" in the art of petroleum refining. The "zeolite" or "molecular sieve"

* Delay has served the petitioners well in the market place. Petitioner Filtrol has admitted that its sales of the accused catalysts amount to eighty million ($80,000,000.00) dollars. Petitioner Texaco has admitted that the accused catalysts produce for it increased profits of over six million ($6,000,000.00) dollars per year—and those profits have now been accumulating for over seven years.

** In *Blonder-Tongue* itself, the Supreme Court gave recognition and vitality to the legal presumption that a patent is valid. 402 U.S. at 335.

cracking catalysts protected by the patents in suit revolutionized the refining art by producing *twenty percent more gasoline* per barrel of oil than was produced by any prior catalyst or process. Such catalyst have already created profits and savings to the oil industry of some *two billion dollars* (R 93-95, R 98-108).

(c) the extraordinary value and uniqueness of the patented catalysts is established by the repeated admissions by defendant Grace in the Connecticut Action extolling their virtues. These admissions are of record here (R 92-128) as well as in the Connecticut Action and constitute, in effect, a concession that the patents are valid.

> "Although it has been a quarter of a century since the original commercialization of the fluid catalytic cracking process, no single catalyst advance in all this time can match that of the past two years, the development of the zeolitic fluid cracking catalyst." (R 119)
>
> * * *
>
> "Prior to '64 all but a small fraction of refinery units were using amorphous, alumina-silica catalysts for cat cracking. By 1969 approximately 85% of all refineries had converted to some kind of crystalline, molecular sieve type catalyst." (R 112)
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> * * *
>
> "The events which brought about this rapid change began in May 1962, when Socony Mobil announced a new bead cracking catalyst. * * *" (R 126)
>
> * * *
>
> "In effect, the advent of Zeolite Catalysts brought benefits and profits to the refinery that few of us could have imagined before 1960." (R 106)

(d) petitioner Texaco, one of the world's largest refiners and a customer of both Grace and petitioner Filtrol, has admitted in this action:

> "The most significant development in cracking catalysts has come in the 1960's. This was the inclusions of crystalline aluminosilicates, known as zeolites, and rare earths in a composite with silica-alumina to achieve higher activities and greater selectivity."

(e) petitioners were unable to make any showing of any likelihood that the patents in the Connecticut Action (two of which are here in suit) will be there held invalid or unenforceable so as to bar respondent Mobil's right to proceed with the present action.*

5. If the patents are held valid in Connecticut, which as pointed out above, is most probable, the very same infringement issue ordered by Judge Kelleher to be tried on April 18, 1972 would have to be tried some two years or so later and no judgment determining the whole controversy could be entered until validity had been resolved in accordance with the offer of the petitioners, if such offer was accepted.

6. On the other hand, infringement could be dispositive of the instant cases for if it were found that there was no

* At pages 15-19 of their Memorandum, petitioners attempt to imply that patent interference law in some way bars respondent Mobil's right to maintain this action. The authorities there relied upon relate to staying an infringement suit pending the outcome of a Patent Office Interference proceeding to determine the patentee's title to the patent in litigation. The inapplicability of these authorities is manifest from the facts that none of the patents here in suit are or have ever been involved in an interference proceeding and petitioners have stipulated respondent Mobil's title to the patents in suit.

infringement, a judgment dismissing the complaints could be entered.

7. If the petitioners' offer were rejected, a trial had and infringement found, Judge Kelleher could, upon entry of a judgment in the Connecticut Action upholding validity, proceed to try the validity issue here, assuming that petitioners would, under the circumstances, decide to renounce their offer completely and insist upon such a trial. Even that procedure would result in a resolution of the entire case within a few months following judgment in the Connecticut Action. It would obviously speed up the final disposition of the case and would enable Judge Kelleher to enter a full judgment in the relatively near future in a case which now has been pending for over seven years.

Judge Kelleher balanced these competing interests and, in the exercise of his discretion, determined to try the issue of infringement. In doing so, he admittedly took the risk that the five days required for the trial of the infringement issue might ultimately prove to have been unnecessary in the event of an adverse decision on the issue of validity in the Connecticut Action. That risk, it is to be emphasized again, if it exists at all, is minimal.

In making his rulings, Judge Kelleher took a similar risk that a trial on the issue of validity, which would not otherwise be required if he accepted petitioners' offer and stayed the trial, would be required if he rejected the offer. That risk, too, we submit, is minimal, for it is difficult to believe that counsel of the standing of petitioners' counsel, after having agreed, in effect, that the decision in the Connecticut Action would be correct on the issue of validity

whichever way it went, would, in the face of that decision and overwhelming proof of validity demand a second full trial here on validity.

Judge Kelleher obviously gave considerable thought to these competing interests before he exercised his reasonable discretion and granted a separate trial on the issue of infringement and denied the dilatory stay sought by petitioners.

The fact that *Blonder-Tongue* might make the trial of the issue of infringement unnecessary does not require that the second action be stayed. Such an interpretation would place all burdens of the contingency on the patentee. In addition, the possibility of "an act of God" making it impossible for a judgment to be entered in the first action should not be ignored, and in any event, that risk should not be borne entirely by the patentee.

The Supreme Court in *Blonder-Tongue* did not purport to change Rule 42, F.R.C.P., or to provide an exception thereto for patent cases. Neither the spirit nor the language of that case indicates that the Supreme Court intended its opinion to deprive the trial judge of his discretion to make rulings, such as those made by Judge Kelleher here. All *Blonder-Tongue* really amounts to as applied to the present case is that it is just one more factor a trial judge should consider in exercising his discretion. Judge Kelleher so considered it here (see, e.g., R 11-13, 205-207).

We recognize that there may be a case where a trial judge might wish to exercise his discretion to stay the second case because of the possible *Blonder-Tongue* effect.

That would be a case, however, where the defendant in the second action by an appropriate motion or some other recognized procedure could establish that the *probability* of invalidity was great. In such a case, it might appear that a stay order would be a better exercise of discretion than an order requiring the trial of a separate issue. The fact that a stay might be a "better exercise" of discretion on some other record, however, does not mean that an order to the contrary on the unique facts of this record is an abuse of discretion.

V

NO CONSTITUTIONAL ISSUE IS RAISED BY THE PETITION FOR MANDAMUS.

At pages 27-30 of their Memorandum, petitioners attempt to bootstrap their contention of abuse of discretion under Rule 42(b), F.R.C.P., with an allegation of constitutional error. Petitioners allege that there is no actual "case" or "controversy" between the parties on the issue of infringement. They neglect to mention that they filed declaratory judgment counterclaims for non-infringement (SR 33-34). If respondent Mobil prevails below on infringement, then an order dismissing those counterclaims would in fact be "specific relief."

In any event, any constitutional questions which may be raised by the proceedings below are the proper subject for review on appeal, not mandamus. *Will* v. *United States*, 389 U.S. 90, 96-97 (1967).

VI

CONCLUSION

The Petition for a Writ of Mandamus should be denied because petitioners have failed to make a case for this extraordinary remedy.

The relief prayed for by respondent Mobil in its Answer should be granted.

Respectfully submitted,

ARMSTRONG & LLOYD

By _____

ORVILLE A. ARMSTRONG
Attorneys for Respondent
Mobil Oil Corporation
(Real Party In Interest)

Of Counsel:
MORGAN, FINNEGAN, DURHAM & PINE
GEORGE B. FINNEGAN, JR.
JOHN A. DIAZ
GEORGE P. HOARE, JR.
J. ROBERT DAILEY
345 Park Avenue
New York, New York 10022

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